Non-declaration of dividends by UTI

685. DR. MANMOHAN SINGH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Unit Trust of India has decided not to declare any dividends under its Unit 64 Scheme for the year ending 30th June, 2002;

(b) whether Government are aware of the hardships caused to millions of small investors who had put their hard-earned savings in Unit 64 Scheme;

(c) whether Government was consulted before UTI arrived at this decision;

(d) if so, the advice given by Government to UTI;

(e) whether Government are satisfied that UTI has taken credible measures to avoid such outcomes in the future; and

(f) if so, the measures adopted or proposed to be adopted in the current year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) to (f) UTI Board of Trustees in its meeting held on 21st June, 2002 decided not to declare a dividend for US-64 since the financial condition of the scheme does not permit income distribution for the year ending 30th June, 2002. Moreover, the scheme is NAV based w.e.f. 01.01.2002.

Government announced a financial package for US-64 on 28.12.01. As a part of the financial package, UTI was asked to implement time-bound reforms based on the recommendations of the various expert Committees including Tarapore Committee. Further, Expert Committees have recommended amendments to the UTI Act. In these regard, appropriate actions have been initiated by UTI and the Government.

Export potentials

†686. SHRI JANESHWAR MISHRA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn towards the survey report of CII published in the newspapers on 9th June 2002;

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†Original notice of the question was received in Hindi.

(b) if so, whether Government propose to take any effective steps to save export potential;

(c) if so, the details thereof;

(d) whether Government would make any special provisions to make credit-cost export-oriented; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Yes sir. The latest business outlook survey conducted by the Confederation of Indian Industries (CII) reveals optimistic outlook for domestic business and exports in the next six months.

(b) and (c) The Government have taken a number of initiative during the current year to promote exports. A Medium Term Export Strategy 2002-07 was unveiled in January 2002 providing a roadmap for development of export sector in the medium term. The Union Budget 2002-03 also announced various export promotion measures like reduction in the peak rate of customs duty from 35% to 30%, a comprehensive package for development of Special Economic Zones (SEZs), further decontrol and deregulation of agriculture sector to encourage higher exports of farm products, dereservation from SSI provisions of over 50 items and specific fiscal measures for strengthening the competitiveness of certain key export oriented industries like textiles, steel, non ferrous metals and Information Technology, The Government further announced the first five year EXIM Policy (2002-07) of the new millennium on 31 March, 2002 giving a massive thrust to exports including removal of all quantitative restrictions on exports, special focus on exports from cottage sector and handicrafts, benefits for export oriented industrial clusters, transport assistance for export of agro products, improvements in the ongoing export promotion schemes, procedural simplification to further reduce transaction costs, diversification of markets with new programmes, larger involvement of states in export efforts and other sector specific benefits. A synergy amongst these various policy measures is likely to save export potential and provide a thrust to export growth.

(d) and (e) Interest rates on export credit in rupee terms were rationalized in the Monetary and Credit Policy of April 2001 by prescribing

ceilings (for both pre-shipment and post shipment credit) linked to Prime Lending Rates (PLR). Prescription of such ceilings on export credit has facilitated exporters to avail of credit at substantially lower rates than the PLR of banks. Considering the unusual international developments, effective September 26, 2001, the ceilings on export credit interest rates were further reduced to 2.5 percentage points below PLR for a period of six months. This arrangement has subsequently been extended upto September 30, 2002. With this concession, the ceiling rate on pre-shipment rupee export credit upto 180 days works out to 7.5 to 8.5 per cent for most public sector banks. As exporters are eligible to sell their export earnings in the forward market, taking into account the forward premia, the effective interest cost to exporters becomes only 2.0 to 3.0 per cent, which is internationally highly competitive. To make interest rate on export credit even more competitive in the present low interest rate environment, the ceiling rate on export credit in foreign currency has also been reduced from the existing LIBOR plus 1.0 percentage points to LIBOR plus 0.75 percentage points in the Monetary and credit Policy of April 2002. A special financial package for large value exports of select products, which are internationally competitive and have high value addition, is also currently under implementation by the RBI/banks.

Outstanding loans of Manipur

687. SHRI RISHANG KEISHING: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the outstanding loans of Manipur Government from Union Government as on today;

(b) the short-term and the long-term assistance extended by Central Government;

(c) whether there is any special plan/policy to Manipur from the burden of financial deficit partly or fully; and

(d) if reply to (c) above be in the affirmative, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) The total outstanding loans due to Ministry of Finance from the Government of Manipur on 31.3.2002 was Rs. 402.40 crores.